

Message Text

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ACTION AID-59

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FM AMEMBASSY DACCA

TO SECSTATE WASHDC IMMEDIATE 8772

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PASS AID/ASIA/BIS

E.O. 11652: N/A

TAGS: EAID, BG, EAGR

SUBJ: BDG FOODGRAIN IMPORT REQUIREMENTS FOR 1978/79

REF: (A) DACCA 1758 (B) TONER/AARNES TELCON 4/4/78

1. AS REQUESTED REF B, THE PURPOSE OF THIS MESSAGE IS TO COMMENT
ON PROJECTED BDG FOODGRAIN IMPORT REQUIREMENTS FROM JULY 1, 1978
THROUGH JUNE 30, 1979 AND TO SPECULATE ABOUT HOW THIS MIGHT
IMPACT ON FY 79 FL 480 REQUIREMENTS.

2. IN REF A THE MISSION PROVIDED ITS BEST ESTIMATE OF THE
1978/79 FOODGRAIN POSITION. ON APRIL 5, WORLD BANK RESIDENT
REPRESENTATIVE PROVIDED USAID COPY OF BDG FOECAST FOR SAME
PERIOD WHICH WAS PREPARED AT BANK VICE PRESIDENT HOPPER'S
REQUEST. THE MISSION WILL COMMENT IN DETAIL ON THE BDG'S
PAPER BY SEPTEL IN THE NEAR FUTURE. FOR PURPOSES OF THIS
MESSAGE, THE MISSION'S AND BDG'S FORECAST ARE SUMMARIZED
BELOW (IN THOUSANDS OF TONS):

MISSION BDG

A. OPENING BALANCE 7/1/78	789	750
B. DOMESTIC PROCUREMENT	600	600

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C. IMPORTS	1063	1550
D. SUB TOTAL	2453	2900
E. OFFTAKES (MINUS)	1790	2000
F. CLOSING STOCK 6/30/79	662	900
G. INVENTORY ADJUSTMENT FOR LOSS (MINUS)	81	100
H. CLOSING BALANCE 6/30/79	581	800

3. THE DIFFERENCES IN THE TWO FORECASTS ARE ALMOST ENTIRELY RELATED TO IMPORTS AND OFFTAKES. THE MISSION'S FORECAST (REF A) FOR IMPORTS WAS BASED UPON TENTATIVE EXPRESSIONS OF DONOR INTENT AND OUR JUDGMENTS CONCERNING USUAL PATTERN OF COMMITMENTS FROM SMALL DONORS. IN ALL PROBABILITY THE MISSION'S ESTIMATE UNDERSTATES THE BDG'S IMPORT PROSPECTS. IN PARTICULAR, IT IS LIKELY THAT THE EEC, WFP, THE FRG AND POSSIBLY CANADA WOULD RESPOND TO A BDG CALL FOR MORE IMPORTS WITH A HIGHER LEVEL OF COMMITMENTS THAN WE INDICATED IN REF A. FYI. WE GUESSED THE FOLLOWING LEVELS: EEC - 150; CANADA - 200; FRG - 50; AND WFP - 150. END FYI. THE BDG'S IMPORT PROJECTION, ON THE OTHER HAND, DOES NOT LIST THEIR ESTIMATES OF DONOR COMMITMENTS FOR 1978/79. FOR REASONS DISCUSSED BELOW, OUR ASSESSMENT IS THAT A REASONABLE ESTIMATE OF IMPORT REQUIREMENTS LIES SOMEWHERE BETWEEN OUR ESTIMATE OF COMMITMENTS CONTAINED REF A AND THE BDG'S ESTIMATE OF NEED INDICATED IN PARA 2 ABOVE, I.E. ABOUT 1.35 MILLION TONS FOR IMPORTS.

4. THE BDG'S OFFTAKE PROJECTION IS STARTLING IN THE CONTEXT OF A VERY GOOD 1977/78 AGRICULTURAL YEAR AND THEIR OWN ESTIMATE ON AN EVEN BETTER AGRICULTURAL YEAR FOR 1978/79. TWO MILLION TONS OFFTAKES IN 1978/79 WOULD COMPARE WITH THE FOLLOWING PREVIOUS TOTALS: FY 1977/78 - 1.9 MILLION (ESTIMATED); FY 1976/77 - 1.47 MILLION; FY 1975/76 - 1.67 MILLION; AND FY 1974/75 - 1.76 MILLION. IF THE BDG WAS ATTEMPTING TO CONFORM TO THE WORK BANK LED CALL TO CONSTRAIN RATION SYSTEM OFFTAKES, AN ESTIMATE IN THE LIMITED OFFICIAL USE

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RANGE OF 1.7 TO 1.9 MILLION TONS WOULD APPEAR TO BE IN ORDER. SINCE WE BELIEVE THE BDG'S OFFTAKES ESTIMATE IS INCONSISTENT WITH THE COUNTRY'S AGRICULTURAL GOALS AND WITH THE SPIRIT OF THE CURRENT

FY 1977 AND FY 1978 PL 480 TITLE I AGREEMENTS, WE JUDGE THEIR IMPORT REQUIREMENT TO BE OVERSTATED BY ABOUT 200,000. A POSSIBLE EXCEPTION WOULD BE A BDG INITIATIVE TO LAUNCH A SIGNIFICANT LEVEL OF OPEN MARKET SALES WITHIN THE TWO MILLION TON OFFTAKE LEVEL (E.G. AT SOME EXPENSE TO THE INFLATED NUMBERS FOR RATION SYSTEM OFFTAKES).
DECON: APRIL 6, 1979.
SCHNEIDER

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